VZCZCXRO0127 PP RUEHAG DE RUEHCV #2406/01 2262135 ZNY CCCCC ZZH P 142135Z AUG 06 FM AMEMBASSY CARACAS TO RUEHC/SECSTATE WASHDC PRIORITY 5839 INFO RUEHBO/AMEMBASSY BOGOTA PRIORITY 6899 RUEHBR/AMEMBASSY BRASILIA PRIORITY 5708 RUEHBU/AMEMBASSY BUENOS AIRES PRIORITY 1403 RUEHLP/AMEMBASSY LA PAZ PRIORITY 2268 RUEHPE/AMEMBASSY LIMA PRIORITY 0513 RUEHMU/AMEMBASSY MANAGUA PRIORITY 1412 RUEHME/AMEMBASSY MEXICO PRIORITY 3958 RUEHQT/AMEMBASSY QUITO PRIORITY 2353 RUEHSN/AMEMBASSY SAN SALVADOR PRIORITY 0979 RUEHSG/AMEMBASSY SANTIAGO PRIORITY 3709 RUEHAO/AMCONSUL CURACAO PRIORITY 0959 RUEHGL/AMCONSUL GUAYAQUIL PRIORITY 0595 RUCNDT/USMISSION USUN NEW YORK PRIORITY 0441 RHEHNSC/NSC WASHDC PRIORITY RUMIAAA/HQ USSOUTHCOM MIAMI FL PRIORITY RUEHUB/USINT HAVANA PRIORITY 0925 RUCNMEM/EU MEMBER STATES COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 04 CARACAS 002406

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TAGS: KDEM PGOV PREL VE

SUBJECT: CHAVEZ ROMANCES THE CARIBBEAN TO GAIN UNSC VOTE SUPPORT, REGIONAL INFLUENCE

REF: A. CARACAS 1712

¶B. STATE 105774

¶C. BELIZE 675

1D. CARACAS 1104

¶E. PORT OF SPAIN 1258

¶F. BRIDGETOWN 1140

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Classified By: ACTING POLITICAL COUNSELOR DANIEL LAWTON FOR REASON 1.4 (D)

11. (C) Summary. The Bolivarian Republic of Venezuela,s (BRV) bid for a seat on the UN Security Council will depend partially on the support of the fifteen CARICOM countries (almost half of the 33 Latin American votes). A CARICOM consensus in favor of support for Venezuela, while assumed by President Chavez, may be in reality somewhat more tenuous (refs). Many factors contribute to swaying the vote one way or the other, such as resentment towards the BRV for its strong arm (and long arm) tactics, Petrocaribe promises and disappointments, longstanding territorial disputes and Caribbean dependence on development assistance. In the end, a good number of CARICOM countries will be wooed by BRV largesse, but this group -- perhaps a majority -- may also be put off by the BRV's aggressive UNSC seat campaign and collateral interference in Caribbean affairs. End Summary.

What's at Stake

^{12. (}C) Venezuela knows that a successful bid for a UNSC seat will need solid backing from its neighbors. The fifteen CARICOM states are an obvious starting point, and BRV spokespersons have stated numerous times that they already count Caribbean votes as guaranteed in their favor.

CARICOM's aversion to Guatemala due to banana trade conflicts and its territorial claims in Belize provides a starting point for a pro-Venezuela vote, and Chavez and the BRV have also expended substantial resources and diplomatic efforts to cement Venezuelan influence in the region. The latest Organization of Eastern Caribbean States (OECS) meeting in June 2006 appears to have established a pro-Venezuela consensus of sorts, but it still fell short of a public pro-Venezuelan announcement.

13. (C) There are several reasons that Caribbean nations could hold out on a final decision until the very end. The BRV,s incursions into domestic Caribbean affairs and its disputed territorial claims in the Caribbean may alienate CARICOM nations. Additionally, the BRV motivation for its "generosity8 towards its island neighbors to the north, especially in regards to oil, has not escaped the Caribbean's attention. Declarations of allegiance to the BRV do and will continue to garner rewards from Venezuelan coffers, but they may come at the expense of autonomy and could impact CARICOM nations' ability to insist on territorial claims.

Petrocaribe: Blessing or Curse?

¶4. (C) Petrocaribe, an agreement among 14 Caribbean countries (including some CARICOM members) and Venezuela for the provision of regular shipments of oil with generous financing, drives Venezuelan/Caribbean relations. The program also includes social development initiatives and donations ranging from asphalt to free (or nearly free) fuel (Ref A). Venezuela has made shipments to Belize, Haiti, Dominica, St. Vincent and Cuba under this agreement and, under previous agreements, to the Dominican Republic and Jamaica. However, as much as Petrocaribe promises to deliver

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petroleum and other benefits to these islands, the details have been more complicated. There have been several instances of frustrated oil shipments in the region; the Dominican Republic more than once has received deficient quantities of fuel, and the islands of St. Vincent and Dominica have found that fuel deliveries have been hard to handle due to infrastructural shortfalls (Ref B). Even before Petrocaribe speed bumps arose, CARICOM Chairman and Prime Minister of Trinidad and Tobago, Patrick Manning, foresaw potential pitfalls and member state complaints when he warned CARICOM in January 2006 that the deal was not a panacea. Indeed, he predicted that such a commercial alliance could lead to a "question of cutting your own throat if you are not careful."

Other BRV "Incentives"

- 15. (SBU) Belize, the only Central American CARICOM state, has a territorial dispute with Venezuela's UNSC competitor, Guatemala. Even without the receipt of timely non-Petrocaribe BRV aid, a vote for their neighbor is a tough sell. Belize Minister of Home Affairs Ralph Fonseca traveled to Caracas in May to negotiate a \$25 million loan from Venezuela to tackle its \$270 million debt. When quizzed about the loan's appearance as a political deal arranged for UNSC vote gathering, Belize's FM responded that it was simply a matter of needing money (Ref C).
- 16. (C) Jamaica: The BRV threatened disruptions in oil supplies following Jamaica's variance in views in relation to Chavez's anti-FTAA stance, but it has since replaced sticks with carrots. The BRV has made prior promises to Kingston for funding and loans without always following through, but with the UNSC seat up for grabs, it can be expected to make good on its commitments. Jamaican Prime Minister Portia Simpson-Miller has taken note and expressed concern that

Venezuelan assistance such as refinery upgrades have been made specifically contingent on a promise of Jamaican support for its UNSC candidacy. However, an August 14 meeting between Chavez and Simpson-Miller in Montego Bay promises to result in further petroleum and social assistance-based accords.

- 17. (C) Trinidad and Tobago: Chavez's activities in Trinidad and Tobago have not escaped scrutiny. Former T&T ambassador to the United States Reginald Dumas openly challenged CARICOM on this point, alleging that members are allowing Venezuela to dictate their policies with oil money and other aid. Other criticims from T&T include concerns about the BRV's 8th star flag renovations as an affront to Guyana, Venezuela's claim to oil revenues from a reserve lying within T&T waters and a persisting claim to the T&T islands of Monos, Huevos and Chacachacare.
- 18. (C) Haiti: Haitian President Rene Preval stated at an April 24 press conference that he had many projects in mind for Haiti, and in order to complete them he was counting on Venezuelan assistance. Chavez,s goodwill efforts in Haiti consist of economic and social development programs similar to those found in other Caribbean countries. Specifically, Venezuela would follow through on a previously unfulfilled promise to donate fuel, would facilitate the extension of credit to the poor and would engage Cuban assistance in fostering Haitian community development (Ref D). Although Haitian President Preval does not admit he will join CARICOM in voting for Venezuela, it is likely he will do so (Ref E).

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BRV Territorial Disputes

- 19. (SBU) Dominica and Bird Island: One of Venezuela, s most contentious territorial claims in the region concerns Isla Aves, or Bird Island, located near Dominica and about 350 miles north of the Venezuelan coastline. Claimed by Venezuela since 1865, Bird Island could greatly expand Venezuela's Exclusive Economic Zone (EEZ) if it is determined to both rightly belong to the BRV and to constitute a habitable island. (If so, the territorial rights of Antigua and Barbuda, Grenada and Monserrat would all be affected.) Venezuela has taken care to cement its claim under international law by sending troops to live on the island, conducting weddings and baptisms and inaugurating the Simon Bolivar Naval Research Base there. To solidify the claim in the minds of the Venezuelan people, President Chavez has broadcast his weekly Alo Presidente from the island, using the airtime to present a geography lesson to listeners describing Venezuela as bordering the United States, France, the Netherlands and the UK (thanks to Bird Island's proximity to those countries' respective dependencies). (Note: The United States recognizes Venezuela's claim to Bird Island, having determined US boundaries in the region under the assumption of Venezuelan possession as well as of the island's status as habitable under UNCLOS.)
- 110. (SBU) OECS members gathered in November 2005 to condemn Venezuela's Bird Island claim, which they labeled as a matter of great urgency. They met more recently in March on site. But while Dominica had historically refused to cede victory to Venezuela, their approach has recently changed in the wake of a \$22 million housing construction grant and a \$7 million loan from the BRV, free medical care, airport expansion and road repair (Ref F). Recent denials of any territorial dispute drew journalistic critiques in Dominica such as: "Caracas is knocking off each small CARICOM state one by one, like so many skittles."
- 111. (C) Guyana: Venezuela has long claimed Esequibo, a region comprised of the western two-thirds of Guyana. While

the BRV has repeatedly stated that they would never go to war with Guyana over this territorial dispute (President Chavez has even blamed the CIA for trying to create tension between the two countries), it has periodically reinforced the claim to the land. Military flyovers, presentations to international audiences on the topic and protests against various Guyanese decisions, such as that government's decision to allow the construction of a U.S. company's privately-financed satellite launchpad, all have demonstrated the BRV's keen interest in the region. The BRV has softened its tactics somewhat in the form of proposed "mutually beneficial" road construction between the two countries and cooperation in the form of military pacts, but this period of detente may be short-lived. Guyana would like assurances that the BRV would not be hostile to it in the UNSC before it will guarantee its vote (Ref C).

COMMENT

112. (C) Venezuela,s increasing role as the Caribbean's benefactor appears to be paying political dividends, including in the UNSC vote. Venezuela knows that support from the region can be obtained relatively cheaply and with high returns. Nevertheless, while the BRV claims it enjoys the full backing of the CARICOM countries, murmurs from the individual capitals may indicate the BRV's support in the Caribbean is not universal. The BRV may be a bit obvious with its petroleum deals, aid and public works donations, and

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its longstanding territorial disputes still play against Venezuela, but with oil at \$70 a barrel, CARICOM nations' needs are extremely pressing. CARICOM states may be reluctant to bite the hand that feeds, but a solid minority may dare to do so, particularly in a secret ballot. WHITAKER